



J. ROBERT WOOLEY
COMMISSIONER OF INSURANCE
STATE OF LOUISIANA

P.O. Box 94214
Baton Rouge, Louisiana 70804-9214
Phone (225) 342-5900
Fax (225) 342-3078
<http://www.lidi.state.la.us>

**INSTRUCTIONS FOR
STATE SPECIFIC PORTION OF THE
UNIFORM CERTIFICATE OF AUTHORITY APPLICATION
IN THE STATE OF LOUISIANA**

GENERAL INSTRUCTIONS

This packet is designed to assist the individual preparing the state specific portions of the Uniform Certificate of Authority Application (UCAA) in complying with our requirements and procedures. The forms and procedures of the application process are designed to facilitate our review of the application. Therefore, it is extremely important that all applicants comply fully with the instructions and requirements set forth in this packet.

All communication should be directed to:

Louisiana Department of Insurance
Company Licensing Division
P.O. Box 94214
Baton Rouge, LA 70804-9214
Phone: (225) 219-4318
Fax: (225) 342-3078
E-Mail Address: mboutwell@ldi.state.la.us

While our Department will be happy to assist you and answer any questions you may have, we ask that you thoroughly review all instructions and forms before contacting us.

- 1) Submit one original and two photocopies of the ~~complete~~ application package. The two copies of the application may be replaced with an e-mailed copy of the complete application in a .pdf format. The copy may be e-mailed to the address given above.
- 2) All submittals in association with this application must reach us via the United States Postal Service or a carrier with interstate business. Hand delivery is not acceptable and any information arriving in this manner will be returned without review. In addition, all correspondence must be sent to the attention of the Company Licensing Division to assure prompt receipt and handling.
- 3) Submit only a fully completed application. Submittal of a partially completed application will cause processing delays and may result in disapproval.
- 4) Do not alter the forms contained in this packet. If you feel the requirements do not apply to your company, notify us. We will supply the proper form, if appropriate, and/or answer any questions you have about the forms.
- 5) All original items submitted become the property of the Louisiana Department of Insurance and will not be returned.

- 6) All certified documents required in the application must be dated within ninety (90) days of submittal of the application and all certifications must be original. This also applies to the required biographical affidavits.
- 7) All entries in the application forms must be typed or printed. Illegible entries or responses will be considered incomplete and may result in the disapproval of the application.
- 8) When designating a contact person for the application process, please remember that our staff will communicate only with that individual. The application process is considered confidential and will not be discussed with any person other than the named contact person. We must be notified in writing of any change in the contact person.
- 9) We must be notified of any changes in the company or the information submitted in association with this application which occur while the application is under review. This includes changes in officers and directors; changes in address or domicile; and financial statements and examination reports which become available after submission. Failure to notify us of such changes may result in disapproval of the application.
- 10) Unless otherwise indicated in the forms, all applicants must supply all items requested in this packet. If, for some reason, an item which would otherwise be required is not available, a written explanation must be supplied upon submission.
- 11) It is the responsibility of the applicant to insure that none of the responses and submittals in association with this application conflict with the information filed with the domiciliary state. Conflicting information will result in the disapproval of the application.

SPECIAL INSTRUCTIONS REGARDING INVESTIGATIVE REPORTS

In association with this application, the Louisiana Department of Insurance requires that all applicants make arrangement for investigative reports for all persons for whom biographical affidavits are supplied. This will include all officers, all directors, all individuals who own ten percent or more of the applicant and all other persons responsible for the conduct of affairs of the applicant.

The investigative report must be prepared by one of the investigators approved by this Department. A list of those investigators with the address, phone number and contact person is attached. The applicant should advise the investigator that the reports are being prepared for the Louisiana Department of Insurance and make the necessary arrangements for payment.

In order to complete the necessary reports, the investigative firms must be provided with copies of all biographical affidavits. **DO NOT SEND ORIGINAL AFFIDAVITS TO THE INVESTIGATIVE FIRMS.**

WAIVER OF INVESTIGATIVE REPORTS AND FINGERPRINT CARDS

In certain cases the investigative report may be waived for specific individuals. The requirements for this waiver are as follows;

- 1) An investigative report has been supplied to this Department for the individual within one year previous to the date of submittal of the complete application packet. **OR**
- 2) The individual in question has been the officer or director of an insurer licensed to do business in Louisiana for a period of not less than 10 years. This exception will not apply when the company has undergone a change of control at any time in that 10 year period.

REVIEW OF POLICY FORMS

In association with the review of an application for a company seeking a Certificate of Authority, the policy forms to be used in Louisiana will be reviewed for compliance with the applicable statutes. It is the responsibility of the applicant to be certain that the forms are in compliance with Louisiana law. Included in this application package is a list of the most common problems found with policy forms that are submitted. **POLICY FORMS WHICH INCLUDE ANY OF THE ERRORS LISTED ON THE ENCLOSED LIST WILL RESULT IN THE IMMEDIATE DISAPPROVAL OF THE APPLICATION.** This list is not and is not intended to be a list of all requirements for policies in Louisiana and an examiner from the Division performing the review of the contract forms will contact the designated person of any other deficiencies which may be found in the contract forms.

REVIEW BY THE LOUISIANA INSURANCE GUARANTY ASSOCIATION

Pursuant to LRS 22:1384 A (3), the Louisiana Insurance Guaranty Association (LIGA) must review the applications of all potential members of the Association and make recommendations regarding the licensing thereof. Copies of necessary information will be sent to LIGA in association with the review of an application and the Commissioner may not approve an application until they have issued a statement of no objection.

COMMON QUESTIONS

The following are some of the most commonly asked questions regarding the application package and process.

Q: What are the minimum capital and surplus requirements for insurers doing business in Louisiana?

A: The minimum capital and surplus requirements differ depending on whether the applicant will be admitted or surplus lines approved, and those figures are given below. It should be pointed out that these are only the minimum requirements, and the Commissioner has the authority to require additional amounts depending on the types of business which the company proposes to transact.

ADMITTED COMPANIES

Stock Companies

Insurance Type	Paid-In Capital	Minimum Surplus	Operating Surplus
Life	\$100,000	\$1,900,000	\$1,000,000
Health and accident	\$100,000	\$1,900,000	\$1,000,000
Life, health and accident	\$100,000	\$1,900,000	\$1,000,000
Vehicle physical damage	\$100,000	\$1,900,000	\$1,000,000
Title	\$100,000	\$400,000	\$500,000
Industrial Fire	\$200,000	\$800,000	\$1,000,000
Vehicle	\$650,000	\$1,350,000	\$1,000,000
Liability	\$650,000	\$1,350,000	\$1,000,000
Worker's Compensation	\$650,000	\$1,350,000	\$1,000,000
Burglary and forgery	\$650,000	\$1,350,000	\$1,000,000
Glass	\$650,000	\$1,350,000	\$1,000,000
Fidelity and surety	\$650,000	\$1,350,000	\$1,000,000
Fire and extended coverage	\$650,000	\$1,350,000	\$1,000,000
Steam boiler and sprinkler leakage	\$650,000	\$1,350,000	\$1,000,000
Crop and livestock	\$650,000	\$1,350,000	\$1,000,000
Marine and transportation	\$650,000	\$1,350,000	\$1,000,000
Miscellaneous	\$650,000	\$1,350,000	\$1,000,000
All insurance, except title and life	\$650,000	\$1,350,000	\$1,000,000

Mutual Companies

Insurance Type	Minimum Surplus	Operating Surplus
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Life	\$2,000,000	\$1,000,000
Health and accident	\$2,000,000	\$1,000,000
Life, health and accident	\$2,000,000	\$1,000,000
Vehicle physical damage	\$1,250,000	\$1,000,000
Title	\$500,000	\$500,000
Industrial Fire	\$800,000	\$1,000,000
Vehicle	\$1,350,000	\$1,000,000
Liability	\$1,350,000	\$1,000,000
Worker's Compensation	\$1,350,000	\$1,000,000
Burglary and forgery	\$1,350,000	\$1,000,000
Glass	\$1,350,000	\$1,000,000
Fidelity and surety	\$1,350,000	\$1,000,000
Fire and extended coverage	\$1,350,000	\$1,000,000
Steam boiler and sprinkler leakage	\$1,350,000	\$1,000,000
Crop and livestock	\$1,350,000	\$1,000,000
Marine and transportation	\$1,350,000	\$1,000,000
Miscellaneous	\$1,350,000	\$1,000,000
All insurance, except title and life	\$1,350,000	\$1,000,000

Q: Where can I find the laws and regulations governing insurance in Louisiana?

A: Title 22 of the Louisiana Revised Statutes is the Louisiana Insurance Code, and most laws enacted by the Louisiana Legislature which affect insurers and insurance can be found in that Title. Copies of the Louisiana Insurance Code can be obtained from private printing companies which specialize in statutory printing. In addition to the statutes, the Commissioner of Insurance has issued many regulations, rules and directives. Copies of these items may also be obtained from publishers specializing in printing legal and regulatory documents. One such company is given below:

**National Insurance Law Service
P.O. Box 2507
Chatsworth, CA 91313
1-800-423-5910**

Q: What is the time frame for the review of an application?

A: This Department makes every effort to review all applications as soon after submittal as possible. The review process can be expected to take from ninety (90) to one hundred twenty (120) days from receipt of a complete application. Please take this time frame into account when considering deadlines and operation schedules for the applicant.

Q: Regarding the two copies of the application, since duplicates of the policy forms have already been supplied with the original, must duplicate copies be made?

A: Yes. Each copy of the application must be a complete packet.

Q: Can the statutory deposits be made after an approval is given on the application?

A: No. All deposits must be in place at the time that the application is submitted. Failure to make these deposits prior to application review will result in the disapproval of the application.

Q: If the applicant is currently an approved surplus lines insurer and is now applying for a Certificate of Authority, can the statutory deposit which the Louisiana Department of Insurance holds in association with the surplus lines approval be used in conjunction with the Certificate of Authority application?

A: No. A separate deposit must be made in association with the application for Certificate of Authority. The two matters are independent of one another, and a single deposit may not be used to satisfy both requirements.

Q: Is there a particular financial institution which the Department prefers for the statutory deposit?

A: No. Statutes require only that the deposit be placed in a savings and loan or banking institution doing business in Louisiana. Any institution which meets this requirement is acceptable to this Department.

COMMON QUESTIONS CONTINUED

Q: Section 3 of the application form requires certain biographical information on owners of 10% or more of the applicant. What if all owners are corporations? Do the officers and directors of those corporations supply the biographical information?

A: Initially, no. However, this Department reserves the right to request biographical information for all persons who would exercise control over the insurer up to and including the ultimate controlling party. The Department will determine if additional information is required upon review of the application and notify the applicant.

Q: Can we meet with the Department for a preliminary review of our application prior to submission?

A: Yes. Our staff will be happy to meet with representatives of the applicant to review the application before it is actually submitted. It should be noted, however, that this courtesy review is to help assure completeness only, and our Division will not issue a preliminary approval or disapproval of the application before submission. Any application sent to this Office via U.S. Mail will be considered submitted for review and will not be eligible for a pre-review. You may make an appointment for preliminary review by contacting the Company Licensing Division of the Louisiana Department of Insurance. Preliminary reviews will be performed only with an appointment.

Q: What factors should go into considering who should be named as the contact person?

A: Among the things that should be considered when naming the contact person for the application process are:

Knowledge - The person acting as the contact should have a thorough knowledge of the application packet and company functions

Accessibility - You should consider whether or not the contact person is easily reachable. A person who is often absent from the office or who is otherwise difficult to reach is a poor choice due to the nature of the application process.

Location - All requests for additional information include a deadline to supply this information. Therefore, you should consider the location of the contact person and whether or not they can reasonably be expected to obtain needed documents or information within a time frame which is usually set at 30 days.

STATE SPECIFIC ITEMS TO BE SUBMITTED

- 1. FINGERPRINT CARDS** for all officers and all directors of the company and all individuals owning 10 percent or more of the company. The FBI/NCIC standard cards should be used and may be obtained from most local law enforcement offices. See the application instructions for information regarding the waiver of this requirement.
- 2. INVESTIGATIVE REPORTS** for all persons for whom biographical affidavits were supplied. See the application instructions for more information regarding the procedure for obtaining these reports and for an explanation of the requirements for the waiver of this requirement.
- 3. STATUTORY DEPOSIT** as indicated below.

REQUIREMENTS FOR AN ADMITTED FOREIGN OR ALIEN COMPANY - A safekeeping or trust receipt from a bank doing business within the state or from a savings and loan association chartered to do business in this state verifying that the applicant has deposited twenty thousand dollars (\$20,000.00) in money or acceptable bonds (Acceptable bonds are defined as bonds issued by the United States Government or the State of Louisiana or any political subdivision of the State of Louisiana.) with that institution and pledged said deposit to the Commissioner of Insurance. The banks have the necessary pledge forms. Do not contact this Office to request one.

OR a one hundred thousand dollar (\$100,000.00) surety bond issued by a surety company licensed to do business in the state of Louisiana. The appropriate bond form is attached.

If the company will be licensed to engage in surety business, an additional fifty thousand (\$50,000.00) in cash or approved bonds shall be maintained in a Louisiana bank and pledged to the Commissioner of Insurance.

- 4. AFFIDAVIT OF INVESTMENTS** form fully completed. The appropriate form is attached. (COMPANIES WISHING TO QUALIFY FOR TAX REDUCTION PURSUANT TO LRS 22:1068 ONLY)
- 5. CONSENT TO BE SUED** form fully completed. The appropriate form is attached. (PROPERTY AND CASUALTY COMPANIES ONLY)
- 6. DUPLICATE COPIES OF ALL POLICY AND APPLICATION FORMS** intended for use in Louisiana. Policy forms must be submitted for each line of coverage which the plan of operation supplied with this application indicates the company will be writing in this state. (PLEASE NOTE THAT NO APPLICANT WILL BE APPROVED FOR ANY LINES FOR WHICH THEY DO NOT SUBMIT APPROVABLE POLICY FORMS.
- 7. FEE CALCULATION SHEET** fully completed to indicate all fees paid.

Below is a list of the firms approved to perform the independent verification/investigative reports required by the application.

NORMAN TRANSETH Applicant Insight Limited, Inc. 5390 School Road New Port Richey, FL 34656 (727) 841-0918 X 2014	Peggy B. Owens Background Searches, Inc. 6545 125th Ave. No., Largo, FL 33773 (727) 533-9811
Julius Bombet Bombet & Associates, Inc. 12077 Old Hammon Hwy. Baton Rouge, LA 70816 (225) 275-0796	Sanders Butler, III Butlers Investigation Services P.O. Box 11833 New Iberia, LA 70562 (318) 367-0912
Joyce Zuber Choicepoint, Inc. 101 West Renner Rd., Suite 300 Richardson, TX 75082 (972) 234-7221	Charlene Mora Due Process, Inc. P.O. Box 441 Kenner, LA 70063 (504) 454-7282
Daniel J. Denoux International Securities & Investigations, Inc. 2601 N. Hullen Street, Suite 210 Metairie, LA 70002 (504) 455-6077	Peggy J. Buswell Litigation Support Services, Inc. 2130 O'Neal Lane #223 Baton Rouge, LA 70816 (800) 814-8858
John Abdella Probe-Way Private Investigation Agency, Inc. P.O. Box 53434 Lafayette, LA 70505 (318) 235-0270	Mark Owens Owens OnLine, Inc. 4707 140th Ave. N. Suite 208 Clearwater, FL 34622 (800) 745-4656
Rick L. O'Bryan Valifacts Verification Service, Inc. 42611 Robinwood Drive Hammond, LA 70	



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AFFIDAVIT OF INVESTMENTS

STATE OF _____

COUNTY OR PARISH OF _____

BEFORE ME, the undersigned authority, personally came and appeared _____,
President, and _____, Treasurer, of _____

who, after being by me duly sworn, did depose and say that at least _____ % of the said company's total admitted assets are invested
and maintained in qualifying Louisiana investments as provided by LRS 22:1068. And that the information represented in the
attached Calculation of Investment Credit and Summary Schedule of qualifying Louisiana investments is true and correct to the best
of their knowledge.

Witness' Signature

Company President's Signature

Witness' Printed Name

Company President's Printed Name

Witness' Signature

Company Treasurer's Signature

Witness' Printed Name

Company Treasurer's Printed Name

SWORN TO and subscribed before me this _____ day of _____, 20____.

Notary Public's Signature

Notary Public's Printed Name

My Commission Expires _____

CALCULATION OF INVESTMENT CREDIT

Total admitted assets as of \$ _____

Total admitted assets invested in qualifying Louisiana investments \$ _____

Percentage of tax reduction taken (see below) _____ %

Amount of tax reduction taken \$ _____

Investment Percentage	Tax Reduction Allowed
16%	66.67%
20%	75.00%
25%	85.00%
33%	95.00%

A Summary of all qualifying Louisiana investments must be attached to this affidavit form.

QUALIFYING LOUISIANA INVESTMENTS

The following items are defined as "qualifying Louisiana investments" by LRS 22:1068:

- 1) Certificates of deposit issued by any bank or savings and loan association domiciled in Louisiana, or certificates of deposit issued by any limited function financial institution domiciled in this state;
- 2) Bonds of Louisiana or bonds of municipal, school, road, or levee districts, or other political subdivisions of Louisiana or bonds approved for issue by the Louisiana State Bond Commission;
- 3) Mortgages on property located in Louisiana;
- 4) Real property located in Louisiana;
- 5) Policy loans to residents of Louisiana, or other loans to residents of this state, or to corporations domiciled in this state;
- 6) Common or preferred stock in corporations domiciled in this state;
- 7) Cash on deposit in any bank or savings and loan association domiciled in this state.



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CONSENT TO BE SUED

Know All Ye Persons By These Presents:

That the _____ a corporation organized under the laws of _____, domiciled at _____, State of _____ and having its principal business establishment in the City of _____ State of _____ now authorized or having applied for authority to transact business in the State of Louisiana, in conformity with the insurance laws thereof, does, pursuant to the laws of said State, hereby make this its written declaration:

That this said corporation does consent to its being sued in the State of Louisiana by an injured person, or his or her survivors mentioned in Revised Civil Code Article 2315, or heirs in direct action as provided by the laws of the State of Louisiana, particularly L.R.S. 22:655, whether or not the policy of insurance sued upon was written or delivered in the State of Louisiana, and whether or not such policy contains a provision forbidding such direct action, provided that the accident occurred within the State of Louisiana.

IN WITNESS WHEREOF, The said _____ in accordance with the resolution of the Board of Directors duly passed on the _____ day of _____, A.D. 20__ (a certified copy of which is hereto attached), has to these presents affixed its Corporate Seal, and caused the same to be subscribed and attested by its President and Secretary at the City of _____ in the State of _____ on the _____ day of _____, A.D. 20__.

Secretary's Signature

President's Signature

Secretary's Printed Name

President's Printed Name

STATE OF _____
COUNTY OF _____
CITY OF _____

On this _____ day of _____ A.D. 20__, before me, the subscriber, a _____ duly appointed to

take the proof and acknowledgement of Deeds and other instruments came _____
President, and _____ Secretary, of

to me personally known to be the individuals described in and who executed the preceding instruments; and they each duly
acknowledged the execution of the same; and being by me each duly sworn, severally, and each for himself, depose and saith, that
they are the said officers of the _____

aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of the said

_____ and that the said Corporate Seal and their
signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said _____
_____.

Witness' Signature

Company President's Signature

Witness' Printed Name

Company President's Printed Name

Witness' Signature

Company Secretary's Signature

Witness' Printed Name

Company Secretary's Printed Name

SWORN TO and subscribed before me this _____ day of _____, 20____.

Notary Public's Signature

Notary Public's Printed Name

My Commission Expires _____

CERTIFIED COPY of a Resolution duly passed by the Board of Directors of the _____
on the _____ day of _____, A.D. 20____.

At the meeting of the Board of Directors of the _____ held on the _____
_____ day of _____, A.D. 20____, at the city of _____ in the State of _____
_____ a quorum of the said Board was present and on motion the following Resolution was duly passed by said Board:

"RESOLVED, That this _____ now authorized, or having applied
for authority to transact business in the State of Louisiana, in conformity with the laws thereof, does hereby consent to being sued in
the State of Louisiana by an injured person or his or her survivors mentioned in Revised Civil Code Article 2315, or heirs in a direct
action as provided by the laws of the State of Louisiana whether or not the policy sued upon was written or delivered in the State of
Louisiana, and whether or not such policy contains a provision forbidding such direct action, provided that the accident occurred
within the State of Louisiana."

I HEREBY CERTIFY, That the above is a correct copy of the Resolution of the Directors
of _____ consenting to be sued in the
State of Louisiana.

Company Secretary's Signature

Company Secretary's Printed Name

POLICY FORM REVIEW

The attached suggestions are being provided for informational purposes only and is intended to provide assistance to form filers making filings with the Louisiana Department of Insurance. The information includes the criteria followed by the forms review staff to determine whether a filing complies with Louisiana law and public policy.

Every effort has been made to ensure the accuracy of the information contained in the handout. However, the handout should not be relied upon as an alternative or supplement to the Louisiana Insurance Code, Louisiana Department of Insurance regulations or other applicable laws, by which all dealings with the Louisiana Department of Insurance are governed. All parties are advised to consult with their own legal counsel regarding the extent and nature of their requirements.

This handout is not a rule, regulation or official statement of the Louisiana Department of Insurance or the Commissioner of Insurance. It is being provided only as an aid to facilitate the expeditious review of form filings.

THE REVIEW PROCESS

THE FIRST STEP IS TO CORRECTLY IDENTIFY THE TYPE OF POLICY AS THE TYPE OF COVERAGE EFFECTS THE APPLICABILITY OF CERTAIN STANDARDS. THE TWO MAIN CATEGORIES ARE FIRST PARTY COVERAGE (PROPERTY) OR THIRD PARTY COVERAGE (LIABILITY). WITHIN THESE TWO CATEGORIES THERE ARE SUBCATEGORIES TO WHICH CERTAIN STANDARDS APPLY.

Below is a list of the grounds on which forms are typically disapproved and the reasons therefore.

ACTION AGAINST US (LIABILITY POLICIES ONLY)

LRS 22:655 B GRANTS AN INJURED PERSON OR THEIR LEGAL REPRESENTATIVES A RIGHT OF DIRECT ACTION AGAINST THE INSURER. YOU MAY WISH TO CONSIDER THE FOLLOWING SAMPLE LANGUAGE.

A person or organization may bring a “suit” against us including, but not limited to a “suit” to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of the Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant’s legal representative.

ACTUAL PREJUDICE RULE

Louisiana follows the actual prejudice rule, which allows an insurer to reduce the coverage only by the amount that the insured’s action or inaction has prejudiced the insurer in the presentation of a defense or caused the insurer a loss. A party in good faith, except in a very clear case, cannot lose his rights against an insurer through indifference or lack of diligence.

AFFILIATE COMPANY POLICY REPLACEMENT (AUTO ONLY)

Mid-term replacement of a policy with an affiliate company is considered a form of cancellation in Personal Auto Insurance. The provision of your policy which allows you to replace an insured’s policy with an affiliate company violates Louisiana statutes. The only acceptable reasons for cancellation of automobile liability policy are listed in LRS 22:636.1 B(1). Since replacement of a policy with an affiliate company is considered cancellation, please refer to cancellation reasons as stated in LRS 22:636.1.

ANIMAL EXCLUSION (HOMEOWNER’S)

According to LA CC 2321, the “owner of a dog is strictly liable for damages or injuries to persons or property caused by the dog and which the owner could have prevented and which did not result from the injured person’s provocation of the dog.” Since an insured would reasonably expect coverage for such an event, it would be against public policy to exclude such coverage.

APPRAISAL

AN APPRAISAL PROVISION THAT LIMITS THE PARTIES' ABILITY TO SEEK OTHER REMEDIES CANNOT BE APPROVED. A MANDATORY BINDING APPRAISAL IS SIMILAR TO MANDATORY BINDING ARBITRATION BECAUSE IT REMOVES A MATTER IN DISPUTE FROM THE JURISDICTION OF THE COURTS. (LRS 22:629A) PLEASE DELETE THE TERM "BINDING" FROM THE POLICY AND ANY OTHER LANGUAGE WHICH PURPORTS TO LIMIT THE INSURED'S RIGHT TO SEEK JUDICIAL RELIEF.

ARBITRATION

LRS 22:629A prohibits an insurance contract issued for delivery or delivered in Louisiana from containing a stipulation, condition, or agreement that deprives the courts of Louisiana of the jurisdiction of action against the insurer. Binding mandatory arbitration clauses are not allowed because they deprive the courts of their right to hear a case. Claims may be submitted for arbitration, but such arbitration must be at the option of the insured and may not be binding. (For UM coverage see LRS 22:1406D(5).)

BLANK ENDORSEMENTS

Blank endorsements are not allowed or approved in Louisiana. LRS 22:620

BUSINESS USE EXCLUSION (PIZZA DELIVERIES, ETC.)

Please delete "to carry persons or property for a fee" and add the following "as a public or livery conveyance." Business use exclusions conflict with LRS 32:900.

CANCELLATION BY INSURED

If cancellation is at the insured's request, there can be a minimum premium. But if the company cancels, cancellation provisions are pro rata with no minimum premium and must be so stated in the policy.

CANCELLATION & NONRENEWAL – COMMERCIAL

In a commercial policy that has been in effect less than 60 days, the policy can be cancelled for any reason with 60 days notice mailed or delivered to the insured. A policy can be canceled for nonpayment of premium with 10 days notice, mailed, or delivered to the insured, whether the policy has been in effect for less than or more than 60 days.

After the policy has been in effect for more than 60 days, a policy can be cancelled with 20 days notice for: 1) fraud or material misrepresentation made with the knowledge of the insured; 2) a change or increase in the risk; 3) an act or omission which increased the hazard; or 4) policy continuation would jeopardize the company's solvency.

An insurer must give 60 days notice of intention to non-renew a policy. LRS 22:636.4

CANCELLATION – PRIVATE PASSENGER AUTO

IF THE POLICY HAS BEEN IN EFFECT LESS THAN 60 DAYS, NOTICE OF CANCELLATION IS EFFECTIVE IF MAILED OR DELIVERED BY THE INSURER TO THE NAMED INSURED AT LEAST 20 DAYS PRIOR TO THE EFFECTIVE DATE OF CANCELLATION. HOWEVER, IF THE CANCELLATION IS FOR NON-PAYMENT OF PREMIUM, ONLY 10 DAYS NOTICE OF CANCELLATION, ACCOMPANIED BY THE REASON THEREFORE, SHALL BE REQUIRED. IF THE POLICY HAS BEEN IN EFFECT MORE THAN 60 DAYS, LRS 22:636.1B PROVIDES THAT CANCELLATION OF A POLICY WILL BE

EFFECTIVE ONLY IF BASED ON ONE OR MORE OF THE FOLLOWING REASONS: 1) NON-PAYMENT OF PREMIUM (10 DAY NOTICE); 2) THE DRIVER'S LICENSE OR MOTOR VEHICLE REGISTRATION OF THE NAMED INSURED OR ANY OTHER OPERATOR WHO EITHER RESIDES IN THE SAME HOUSEHOLD OR CUSTOMARILY OPERATES AN AUTO INSURED UNDER THE POLICY HAS BEEN SUSPENDED OR REVOKED DURING THE POLICY PERIOD. IF THE POLICY IS A RENEWAL AND SUCH HAS BEEN REVOKED OR SUSPENDED DURING THE POLICY PERIOD OR 180 DAYS IMMEDIATELY PRECEDING ITS EFFECTIVE DATE; 3) FRAUD OR MISREPRESENTATION IN THE PRESENTATION OF A CLAIM; 4) NONRECEIPT BY THE INSURER OF AN APPLICATION FOR INSURANCE IN WHICH A VALID BINDER HAS BEEN ISSUED. THESE REQUIRE 30 DAY NOTICE BY CERTIFIED MAIL.

COLLATERAL SOURCES/DUPLICATE PAYMENTS/REDUCTION OF PAYMENTS

You may only reduce amounts payable to the extent necessary to avoid double recovery. If the injured party/insured has not been fully compensated for his loss, you may not reduce the amount payable under the policy limits. For example, if the insured had suffered a \$45,000 loss, \$5,000 of which was recoverable under medical payments, you could not reduce your limits under other coverage sections by \$5,000 as this would inappropriately preclude recovery by the injured party-insured. You may wish to use the element of loss for which payment has been made by or on behalf of persons or organizations who may be legally responsible.

CONDITIONS FOR FILING A LAWSUIT/CHOICE OF LAW

No insurance contract issued for delivery in Louisiana and covering Louisiana subjects or residents, or to be performed in Louisiana, shall deprive the courts of this state of jurisdiction of an action against an insurer. Nor can a policy contain provisions requiring it to be construed according to the laws of another state. LRS 22:629

CONDITION PRECEDENT

The term "condition precedent" is in direct conflict with the actual prejudice rule. An insurer can require certain duties of the insured, but his liability is reduced only to the extent that the insured's action or inaction actually prejudiced the insurer.

DEDUCTIBLES AND SELF-INSURED RETENTION

A deductible is the portion of an insured loss, which the insured must pay, and as the term infers, is deducted from the limits of liability under a policy of insurance. A self-insured retention is the amount of risk exposure carried by the insured, generally by establishment of a special fund to pay losses which amounts must be expended before an excess policy will provide coverage for losses in excess of the insureds self-insurance fund.

The term "Self-Insured Retention" in lieu of the term "Deductible" is not acceptable for use in a primary policy issued in Louisiana. The switch from "deductible" to "self-insured retention" is likely to prove ambiguous, confusing and/or misleading to most insureds who are familiar with the meaning and characteristics of a deductible but not with a self-insured retention LRS 22:621(3).

DEFENSE COSTS

AN INSURER MAY NOT INCLUDE "COST-OF-DEFENSE WITHIN THE LIMITS OF LIABILITY" IN LIABILITY POLICIES ISSUED IN LOUISIANA, EXCEPT FOR CERTAIN LIMITED MARKETS. INCLUDED IN THE LIMITED MARKETS ARE DIRECTORS AND OFFICERS POLICIES, ARCHITECT, ENGINEERS, OR CPA PROFESSIONAL LIABILITY POLICIES AND EMPLOYMENT PRACTICE LIABILITY POLICIES. POLICIES PROVIDING COVERAGE FOR BODILY INJURY OR PROPERTY DAMAGE DO NOT FALL WITHIN THE EXCEPTIONS TO THE GENERAL RULE. THIS WOULD INCLUDE POLICIES SUCH AS MEDICAL MALPRACTICE OR ATTORNEY MALPRACTICE POLICIES. IT HAS BEEN THE LONG-STANDING POLICY OF THIS DEPARTMENT NOT TO APPROVE DEFENSE COSTS BEING SHIFTED FROM THE INSURER TO THE INSURED REGARDLESS OF HOW THEY ARE CATEGORIZED. REGULATION 41 WAS A LIMITED EXCEPTION

TO THE GENERAL PROHIBITION OF SHIFTING DEFENSE COSTS TO THE INSURED. THE REPEAL OF THAT REGULATION DID NOT WORK AS A REPEAL OF THE GENERAL PROHIBITION.

DUTY TO DEFEND

An insurer's duty to defend ends when their limit of liability has been exhausted by the payment of a judgement or settlement. Accordingly, your duty to settle or defend does not necessarily end when the limit of liability has simply been exhausted. An insurer cannot simply tender their limit of liability before a settlement or judgement is reached and relieve themselves of their duty to defend the insured. The duty to defend the insured does not terminate until the limit of liability has been exhausted by payment of a judgement or settlement.

Language, that states the insurer has no duty to defend any suit or settle any claim for 'bodily injury' or 'property damage' not covered under this policy will not be approved. There are several different mandatory ISO amendatory endorsements correlating to the specific lines being written which may be utilized in order to correct this language. (To receive these endorsements the company will need to contact ISO). Additionally, language, that states the company does not have a duty to defend a covered claim if it's combined with an uncovered claim will not be approved.

ECONOMIC LOSS DEFINITION-AUTO

Your definition of Economic Losses is too restrictive. Economic losses are those which can be measured in specific monetary terms including, but not limited to, medical costs, funeral expenses, lost wages, and out of pocket expenses. Please correct the language in your form to comply.

ELECTROMAGNETIC RADIATION EXCLUSIONS

The Louisiana Department of Insurance does not allow the usage of electromagnetic radiation exclusions in policies written in Louisiana.

EXPRESS OR IMPLIED PERMISSION (AUTO)

Public policy for omnibus coverage in Louisiana requires that an insurance policy cover any person using a vehicle with the express or implied permission of the insured. There is no requirement that the driver have a reasonable belief that he is entitled to use the vehicle. The words "express or implied permission" should be substituted for "a reasonable belief". LRS 32:900

FORM NUMBER

Form numbers are to be in the lower left hand corner of every page.

FRAUD STATEMENT

All applications for insurance and all claim forms provided and required by an insurer or required by law as a condition of payment of a claim shall contain a statement, permanently affixed to or included as a part of the application or claim form, that clearly states in substance the following:

"Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison."

HIT AND RUN VEHICLE (AUTO)

In 1991, Louisiana adopted the “Phantom Vehicle” Amendment (LRS 22:1406 D (1)(f)). This amendment defines the insured’s burden of proof when a hit and run accident is caused by a “phantom vehicle”. The following language is acceptable regarding when the testimony of an independent and disinterested witness is necessary: In order for this coverage to apply, the hit and run vehicle must either 1) hit an insured, a covered auto, or a vehicle the insured is occupying or 2) cause bodily injury or property damage to an insured, a covered auto, or a vehicle the insured is occupying. However, when there is no physical contact with the insured, a covered auto, or the vehicle the insured is occupying, the insured bears the burden of proving, by an independent and disinterested witness, that the injury was the result of the actions of a driver of another vehicle whose identity is unknown or who is uninsured or underinsured.

When there is actual physical contact, the testimony of an independent and disinterested witness is not required. Please adjust the language of your policy so that it clearly illustrates when the insured must use a disinterested and independent witness to recover under the policy.

JUDICIAL INTEREST

As an insurer you are liable for judicial interest on any amount within your policy limits from the date of judicial demand. Any policy provision which attempts to limit the liability insurer’s liability for legal interest from the date of judicial demand contravenes the public policy of LRS 13:1203.

LIKE NOTICE OF CANCELLATION

Like notice must also be delivered or mailed to each mortgagee, pledgee, or other known person shown by the policy to have an interest in any loss, which may occur. LRS 22:636A(2).

LOSS PAYEE AGREEMENT

Unless there has been secretion, conversion, or embezzlement by the insured, the loss payee’s interest is always protected.

MEDICAL PAYMENTS (AUTO ONLY)

LRS 22:636.7 requires that an insurer not limit the time period for payment of medical expenses for injuries diagnosed within one year of the accident and reported within three years.

MULTIPLE COVERAGE-MULTIPLE DEDUCTIBLE-UM

LRS 22:1406.F states “where an insured has coverage on multiple vehicles, at least one of which has comprehensive and collision insurance coverage, that comprehensive and collision substitute coverage shall apply to the temporary substitute motor vehicle and rental motor vehicle.” An inherent component of insurance coverage is that which is most beneficial to the insured. When the statute does not specifically state that the lowest deductible would apply, it clearly conveys that meaning. Therefore, you cannot limit the insured to a higher deductible.

NAMED DRIVER EXCLUSION – COMMERCIAL AUTO

An owner may exclude a named driver as an insured under a commercial policy if the owner obtains and maintains in force another policy of motor vehicle insurance, which provides equal coverage. LRS 32:900

NAMED DRIVER EXCLUSION – PERSONAL AUTO

Louisiana does not allow a blanket exclusion of possible drivers. Louisiana law requires that an auto insurance policy cover the named insured and any other person, as insured, using any such motor vehicle with the express or implied permission of the named insured against loss from the liability. An insurer and the named insured may have a written agreement to exclude from coverage any named person who is a resident of the same household as the named insured. LRS 32:900

NAME OF INSURER

The policy must be executed in the name of the insurer, which must clearly appear on the policy. LRS 22:630

A policy, including all forms to be delivered to an insured in Louisiana, shall specify the insurer's name, not logo, and if not a life insurer, the type of organization (stock or mutual) shall be clearly shown on the policy. LRS 22:624.B(1)

POLLUTION EXCLUSION (LIABILITY ONLY NOT PROPERTY)

Please see Directive 137 (personal lines) and Advisory Letter 97-01 (commercial lines). If the nature of the coverage does not support the use of a standard pollution exclusion, the policy will not be approved. As a general rule, absolute or total pollution exclusions should not be approved unless the company can show that there is a real exposure for "superfund" type liability. Exclusions, which are limited to government imposed clean-up costs, are acceptable regardless of the type of business being insured.

Additionally, please add "into or upon the land, atmosphere, watercourse or any body of water:" after the general (introductory) statement "...discharge, release, or escape of pollutants".

PREMIUM RETURN

LRS 22:637B provides that within 30 days following cancellation by the insured, the insurer shall pay the insured any unearned portion of any premium paid on the policy "as computed on the customary short rate or as otherwise specified in the policy." However, the insured is liable to the insurer for premium for the period during which the policy was in force. Although an insurer may charge a reasonable fee for cancellation by the insured, the method they use to determine such a fee must be clearly specified in the policy. Please adjust the language of your policy so that it clearly illustrates the method you would use to determine a cancellation fee.

LRS 22:636.6A requires that any earned premium for the period of coverage extended beyond the expiration date of the policy is to be considered pro rata based on the rate of the previous year.

PROVIDER PAYMENTS/SUBSTITUTE VEHICLE

Please see LRS 22:1465

RENEWAL OF A PERSONAL AUTO POLICY

"Renewal" or "to renew" means the issuance and delivery by an insurer of a policy replacing at the end of the policy period of a policy previously issued and delivered by the same insurer, or the issuance and delivery of a certificate of notice extending the term of a policy beyond its policy period or term. LRS 22:636.1A(5) An insurer must give the insured at least 20 days notice of its intention not to renew a policy. The insurer must mail or deliver such notice to the named insured. See the exceptions to this in LRS 22:636.1E(1)(a).

RENTAL VEHICLE COVERAGE

LRS 22:1406 F requires every insurance company authorized to write liability, physical damage, or collision insurance, to extend to temporary substitute motor vehicles as defined in the policy and rental private passenger automobiles “any and all such insurance coverage in effect in the original policy or policies.” Please remove the language in your policy, which specifies that such insurance is excess, as this conflicts with Louisiana law. Such coverage is primary unless the insured purchases other auto insurance for the temporary substitute or rental motor vehicle.

REPRESENTATIONS AND WARRANTIES/INTENT TO DECIEVE

Representations and warranties cannot be DEEMED material and misrepresentations cannot void the policy or defeat coverage unless: (1) the statement is false (2) it was made with the intent to deceive and (3) it is material to the risk. (LRS 22:619A and jurisprudence which changes the “or” in the statute to “and”.)

For an insurance policy to be considered void in Louisiana, the fraud or misrepresentation must be made with the intent to deceive when applying for coverage (i.e., the insured lied with the intent to deceive on his application and/or when negotiating his insurance contract).

Fraud or misrepresentation with the intent to deceive made after the contract is formed is grounds to deny coverage and is a reason for cancellation, but the insurer must supply coverage for legitimate claims until the cancellation is effective. LRS 22:636; 636.4. Please add “with intent to deceive” or substantially similar language to your policy.

SUBROGATION/LOAN

Language that equates the insurer’s payment for a covered loss, which may be recovered from a third party responsible for the loss, with a loan will not be approved. Subrogation rights do not create a debt to be paid by the insured. All language that suggests that the insurer’s payment for a covered loss is an advance payment in the form of a loan to the insured is not acceptable.

STACKING OF POLICIES WITH REGARDS TO UM/UIM COVERAGE

This exclusion is inconsistent with LRS 22:1406 D(1)(c)(ii) and Louisiana jurisprudence.

SUBROGATION – TRUST AGREEMENT – RIGHT OF REIMBURSEMENT

An insurers’ interest in the recovery of payments is subordinate to the full recovery of damages by the injured person. LA CC 1826 Do not approve language, which requires the insured to make a first dollar reimbursement or to hold money in trust (unless the insured is a commercial entity or it is first party property coverage in which case such provisions may be acceptable). The following language is preferred: If we make any payment under this policy and the person to or for whom payment is made has a right to recover damages from another, we shall be subrogated to that right. However, our right to recover is subordinate to the insured’s right to be fully compensated.

SUIT OR SETTLEMENT WITHOUT CONSENT (UM AND MEDPAY ONLY)

An exclusion of coverage to an insured that has settled or sued without the consent of the insurer conflicts with Louisiana jurisprudence. The Louisiana Supreme Court has determined that such clauses are invalid and without binding effect.

TEMPORARY SUBSTITUTE (AUTO ONLY)

According to LRS 22:1406 F an insurer shall extend to temporary substitute vehicles and rental private passenger automobiles the same coverage in effect in the original policy.

TEN POINT TYPE

A policy must be in at least 10 point type.

TERRITORY COVERED BY THE POLICY(AUTO)

LRS 32:900 B(2) requires that policies issued for delivery or delivered in Louisiana provide coverage for use in the United States or the Dominion of Canada.

UNINSURED/UNDERINSURED

In Louisiana the term Uninsured Motorist (UM) also means Underinsured Motorist (UIM). Please be sure to define Underinsured Motorist in your policy.

UNREASONABLE TIME LIMITS

Inaction on the part of the insured cannot be grounds for forfeiture of coverage, unless the insurer proves actual prejudice because of said inaction. Therefore, language that places unreasonable time limits on the insured will not be allowed. This problem can be corrected by adding the following language: "within 'x' days/hours, or as soon thereafter as practicable" wherever a duty is imposed.

APPROVED INVESTIGATIVE REPORT FIRMS

The following is a list of firms approved to conduct the investigative reports required in the application process. Investigative reports may only be prepared by entities who have the prior approval of the Louisiana Department of Insurance.

Peggy B. Owens
Background Searches, Inc.
6545 125th Ave. No.,
Largo, FL 33773
(727) 533-9811

Julius Bombet
Bombet & Associates, Inc.
12077 Old Hammon Hwy.
Baton Rouge, LA 70816
(225) 275-0796

Sanders Butler, III
Butlers Investigation Services
P.O. Box 11833
New Iberia, LA 70562
(318) 367-0912

Charlene Mora
Due Process, Inc.
P.O. Box 441
Kenner, LA 70063
(504) 454-7282

Joyce Zuber
Choicepoint, Inc.
101 West Renner Rd., Suite 300
Richardson, TX 75082
(972) 234-7221

Daniel J. Denoux
International Securities & Investigations,
Inc.
2601 N. Hullen Street, Suite 210
Metairie, LA 70002
(504) 455-6077

Peggy J. Buswell
Litigation Support Services, Inc.
2130 O'Neal Lane #223
Baton Rouge, LA 70816
(800) 814-8858

Deborah Pullen
Newton & Associates Credit Services, Inc.
3329 Florida Ave., Suite 200
Kenner, LA 70065
(504) 465-3715
(800) 633-5679

Mark Owens
Owens OnLine, Inc.
4707 140th Ave. N. Suite 208
Clearwater, FL 34622
(800) 745-4656

John Abdella
Probe-Way Private Investigation Agency,
Inc.
P.O. Box 53434
Lafayette, LA 70505
(318) 235-0270

Rick L. O'Bryan
Valifacts Verification Service, Inc.
42611 Robinwood Drive
Hammond, LA 70403

FEES AND TAXES

Certificate of Authority	
Application Examination	\$ 500.00
Certificate of Authority	2,500.00
Annual or Financial Statement Review	100.00
Certificate of Recordation	2.00
Minimum License Tax (Property & Casualty = \$180.00 - Life, Health & Accident = \$140.00)†	_____
Agent Appointment (\$20.00 per agent)	_____
Recordation of Charter (Articles of Incorporation) (\$2.00 per page)	_____
Total Amount This Check	=====
Prepare a separate check for...	
Policy form review (\$100.00 per product – Please note that each stand alone policy is a “product”)	\$_____
Total Amount This Check	=====